



# Nebraska Individual Income Tax E-file Updates for Tax Year 2012

This update summarizes major changes for tax year 2012 for the Department's individual income tax e-file programs.

The Department offers two basic e-file options to individuals and tax preparers: [Federal/State e-file](#); and [NebFile](#).

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For more information, visit our website:

[www.revenue.ne.gov](http://www.revenue.ne.gov);

or contact the Department at 800-742-7474 or 402-471-5729.

## *A Note from the Tax Commissioner About E-Services*

I want to thank everyone who used or was involved in our electronic filing and payment programs this past year.

We had a record year in 2012, with 790,000 (88%) of all Nebraska individual income tax returns filed electronically. This could not have happened without your use and support.

Our staff strives to provide the public with electronic filing and payment programs for both individual and business tax programs that are easy to use and contribute to efficiencies for both the public and the Department.

If you have questions or suggestions regarding the Department's electronic programs, I encourage you to contact Len Sloup, Director of Operations and Administrative Services, at 402-471-5805, or [len.sloup@nebraska.gov](mailto:len.sloup@nebraska.gov).

Thanks again for partnering with us to provide successful electronic tax services in the State of Nebraska.

Sincerely,

Doug Ewald

Tax Commissioner

Nebraska Department of Revenue

**Preparer Mandate.** There will be no changes this year in the preparer mandate level. Once again, paid preparers who submit 25 or more prepared individual income tax returns are subject to the mandate. For more details about the preparer mandate, [visit the Department's website](#).



## ***Changes to Federal/State E-file***

The Federal/State e-file program allows filers to prepare and file both federal and state tax returns. The filer (preparer or individual) uses commercial computer software that is approved by both the IRS and the Department to prepare these returns. The federal and state returns are first sent to the IRS, and when the federal return is accepted by the IRS, the IRS provides the Nebraska return to the Department. Some software allows for filing your state return without the federal.

**Modernized e-File (MeF) vs. Legacy E-file.** “Legacy” e-file is a term that describes the federal e-file processing system that has been in operation for over 20 years. The IRS is in the final year of a phased conversion from the Legacy e-file program to MeF. MeF offers several improvements over the Legacy program, including the ability to support many more Nebraska tax forms and prior year returns. This year the IRS plans to end the Legacy e-file program except as a contingency in the event that MeF would experience a significant problem. Nebraska has opted out of relying on the Legacy program as a contingency, and will no longer support the Legacy e-file program.

**Form 8453N and Binary Attachments.** For various credits and deductions, the Department requires certain forms to be filed with the return. In some cases, these are low-volume forms that e-file software products do not support. In these cases, and in cases where certain filing information does not exist in a standard format, the Department allows these documents to be mailed in attached to Form 8453N. For tax year 2012, the Department will allow binary attachments to be transmitted with the electronic return. This process requires the document to be scanned, and then the electronic version is sent with the return data. Check with your software provider to determine if this option is available to you.

**Delinquent Returns.** Another benefit of MeF is that it allows e-file for delinquent returns. Check with your software provider to determine if this option is available to you. This year, Nebraska will accept tax year 2010, 2011, and 2012 individual income tax returns through MeF.

**Estimated Payments.** The Department currently allows taxpayers and preparers to schedule estimated payments for individual income tax through the e-pay program. This year, e-filers can also schedule estimated payments when they file their tax return. Taxpayers will schedule the dates they want their estimated payments to be withdrawn from their designated bank account.

### ***Line Number Changes***

**Form 1040N, Line 13, Checkbox.** Line 13, Adjustments Decreasing Federal AGI, has in the past contained a checkbox that, when checked, indicated that the only amount reported on Nebraska Schedule I was a state income tax refund deduction. This checkbox does not exist in MeF. For consistency, this checkbox is being removed from the paper form; and all adjustments to income must now be reported on Nebraska Schedule I.

**Form 1040N, Line 43, Nebraska Campaign Finance Contribution.** This line has been removed as a result of the Nebraska Supreme Court's decision in *State Ex rel. Bruning v. Gale*, ruling the entire Nebraska Campaign Finance Limitation Act unconstitutional.

**Form 1040N, Schedule I, Line 57, Other Adjustments Decreasing Federal AGI.** The Department is changing some of the filing requirements for this line.

1. **Net Operating Loss Worksheet.** Form NOL must be filed when a taxpayer claims an NOL adjustment decreasing AGI on tax year 2012 Nebraska Schedule I, line 57. In prior years, if a Form NOL was missing from the electronic return, filers were instructed to mail in or fax the Form NOL attached to Form 8453N. Beginning this tax year, the Department will no longer support the "mail or fax" option for this form. If the return is missing the Form NOL in an electronic format, it will be rejected. The NOL carry-forward deduction will also be disallowed on a paper return claiming this adjustment that does not have a Form NOL attached.
2. **Schedule K-1N.** Schedule K-1N must be electronically filed when a taxpayer claims an adjustment decreasing AGI on tax year 2012 Nebraska Schedule I, line 57 for S corporation or LLC non-Nebraska source income. The Department previously allowed a copy of this schedule to be mailed or faxed.

**Forms 1099-INT.** Nebraska will require Form 1099-INT to be e-filed if it shows Nebraska withholding. Nebraska will support e-file for Forms 1099-DIV and 1099-OID, contingent on the IRS supporting these forms.

The NebFile for Individuals program allows Nebraska resident taxpayers to file their Nebraska income tax returns electronically. There is no charge for using NebFile. Eligibility requirements and system capabilities limit the types of returns that NebFile can accommodate. NebFile is intended for resident taxpayers who file basic returns. NebFile is not tax preparation software, but can do simple calculations and table look-ups. The NebFile system allows the filer to file a Form 1040N and Schedule I, with some limitations.

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**Scheduling Tax Payments Online.** Like the Federal/State program, NebFile for Individuals allows taxpayers to schedule a tax payment if their returns show that they owe money. Taxpayers can select the date they want their payment withdrawn from their designated bank account.

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**Other Adjustments Decreasing Federal AGI.** Taxpayers will no longer be able to claim the adjustment for nonresident military servicemember active duty pay. This is the amount of nonresident military service compensation included in the service member's federal AGI. Taxpayers needing to claim this adjustment will not be able to do so using NebFile for Individuals, and will have to choose another filing option.

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**Tax Calculation Differences Between NebFile and Paper Filing.** The NebFile for Individuals program uses the Tax Calculation Schedule to calculate Nebraska tax (Form 1040N, line 15), instead of the Nebraska Tax Table. Using the Tax Calculation Schedule is the most accurate method of calculating your tax. Paper filers using the Nebraska Tax Table will occasionally see a difference of a few dollars compared to the electronically computed tax.